

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6054

BILL NUMBER: HB 1017

NOTE PREPARED: Oct 31, 2008

BILL AMENDED:

SUBJECT: Maximum Hiring Age for Police.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill increases the maximum age for appointment as a police officer from 36 to 40 years of age.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary Impact-* Although it is not known how many police officers would be hired between the ages of 36 and 40 years of age as a result of this proposal, it is estimated the increase in annual cost to the 1977 Police Officers' and Firefighters' Pension and Disability Fund would be \$1.39 M. The increase in annual cost is estimated at 0.25% as a percentage of pay. The increase in annual cost would gradually occur over 10 to 15 years.

Background Information- *1977 Police Officers' and Firefighters' Pension and Disability Fund-* Cities and towns with members in the fund appropriate money from police and fire pension funds. The sources of these funds are property taxes, Motor Vehicle Excise Taxes, and Financial Institutions Taxes. The fund is funded by a 19.5% of payroll contribution rate for police officers and firefighters of the participating cities and towns.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local law enforcement.

Information Sources: Pension Management Oversight Commission, *Minutes dated September 11, 2008*; Doug Todd, Senior Actuary, McCready and Keene, Inc.

Fiscal Analyst: Chris Baker, 317-232-9851.

DEFINITIONS

Funding— a systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

Unfunded Actuarial Liability -sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.